

Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 EA-11 NEA-10 ISO-00 AID-20 TRSE-00 L-03

NSC-10 CIAE-00 INR-10 NSAE-00 PA-03 RSC-01 USIA-15

PRS-01 SPC-03 CIEP-02 OMB-01 XMB-07 OPIC-12 FRB-02

CEA-02 COME-00 /150 R

DRAFTED BY EB/IFD/ODF:MLCASSE

APPROVED BY EB/IFD/ODF:REBENEDICK

NEA/PAB - MR. LESSER

ASIA/SA - MR. REES

ASIA/NE - MR. LANGMAID

AA/ASIA - MR. WHITE

TREASURY - MR. LEE (INFO)

GC/ASIA - MR. STEIN (DRAFT)

----- 102262

R 282222Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TOKYO

AMEMBASSY OTTAWA

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY STOCKHOLM

AMEMBASSY OSLO

AMEMBASSY ROME

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E.O. 11652 N/A

TAGS: EFIN, BG

SUBJECT: PAKISTAN/BANGLADESH DEBT

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REFS: A. DACCA 4208 (NOTAL) B. DACCA 4223 (NOTAL)

1. WE WELCOME THE SIGNIFICANT FORWARD STEP BY BDG IN AGREEING TO NEGOTIATE LIABILITY FOR OUTSTANDING PRINCIPAL OF PROJECTS LOCATED IN BANGLADESH. WE HAVE NO DIFFICULTY IN PROCEDURE WHEREBY AMOUNTS OUTSTANDING AND LIABILITY THEREFOR ARE DETERMINED FIRST AND TERMS OF REPAYMENT (E.G. INTEREST RATE, GRACE AND REPAYMENTS PERIOD) NEGOTIATED SUBSEQUENTLY.
2. ON THE QUESTION OF TERMS, WE REITERATE U.S. WILLINGNESS TO PROVIDE CONCESSIONAL TERMS CONSISTENT WITH ECONOMIC CONDITIONS OF BANGLADESH. WE BELIEVE BDG SHOULD BE ENCOURAGED TO REQUEST AND PARTICIPATE IN MULTILATERAL GROUP TO WORK OUT APPROPRIATE TERMS WITH IBRD CONTINUING TO ACT FOR THE CONSORTIUM, REINFORCED AS APPROPRIATE IN BILATERAL CONTACTS. WE WOULD EXPECT ALL PAKISTAN CONSORTIUM DONORS TO ADHERE TO A COMMON SET OF TERMS, THEREBY EQUITABLY DISTRIBUTING THE BURDEN OF THE RESCHEDULING.
3. FYI. NEGOTIATIONS WITH GOP RE INTERIM RESCHEDULING WILL BEGIN SHORTLY. QUESTION OF TACTICS ON DETERMINING THE LIST OF PROJECTS "VISIBLY LOCATED IN BANGLADESH" NOT RESOLVED. IN LIGHT OF THE BDG WILLINGNESS TO DISCUSS ASSUMPTION OF LIABILITY, IT MAY BE DESIRABLE TO HOLD PRELIMINARY DISCUSSION WITH THE BDG AND AVOID AT THIS TIME DRAWING UP A LIST WITH GOP. FOR NEGOTIATING PURPOSES WE WOULD APPROACH BDG WITH MOST INCLUSIVE OPENING LIST POSSIBLE. WE DO NOT WISH TO PRESENT EITHER GOVERNMENT WITH A "TAKE IT OR LEAVE IT" PROPOSITION -- BUT ALSO WISH TOTAL RPT TOTAL DEBT TO BE COVERED BY ONE PARTY OR OTHER. WOULD APPRECIATE DACCA AND ISLAMABAD THINKING THIS QUESTION. END FYI.
4. DACCA, PLEASE INFORM BDG AND IBRD REP. OF SUBSTANCE PARAS 1 AND 2. KISSINGER

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Message Attributes

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